

Considerations required in regulatory actions.—For each significant regulation it imposes (not including enforcement, emergency and similar actions), the CFTC will be directed to take into account both the anticipated costs and the anticipated benefits of the action it contemplates, and to explain publicly its evaluation of the various costs and benefits. In weighing costs and benefits, CFTC will consider whether the proposed action, taken as a whole, will promote customer protection, market integrity and efficiency, fair competition and sound risk management. The provision will apply to actions commenced after the date of enactment, and will require an evaluation, not a cost-benefit analysis in the strict, quantitative sense.

Audit trail.—The bill will clarify the intent of Congress that the audit trail statute does not mandate the development or adoption of any particular technology, but establishes a performance standard. This clarification will be consistent with 1995 Senate testimony by then-Chairman Mary Schapiro.

Contract designation.—The legislation will end the requirement that proposed futures contracts be pre-approved by the CFTC before trading can commence. Instead, the bill will provide that exchanges must submit information about contracts they intend to trade to the CFTC, which will have a reasonable but limited period to examine the proposed contract terms. The CFTC will analyze the information with a presumption in favor of allowing the contract to trade. However, within the examination period, the CFTC may require additional information, or delay the start of trading for a limited time, if it finds reason to believe the contract is susceptible to manipulation, violates the Act or is contrary to the public interest. Ultimately, the CFTC would have the ability to prevent a contract from trading, but only after instituting proceedings to disallow the exchange from commencing trading. Comments are invited on the appropriate length for the periods specified above.

Similar procedures would apply to other proposed exchange rules. Committee report language will direct the CFTC to report, on an ongoing basis, its evaluation of how well exchange governing bodies meet the statutory requirement for meaningful representation of a diversity of interests.

Disciplinary actions and penalties.—The bill will state the sense of Congress that, in deploying enforcement resources, the CFTC should avoid unnecessary duplication of effort in areas where self-regulatory organizations also have enforcement duties, while ensuring a CFTC presence and role sufficient to safeguard market integrity and customer interests. The CFTC will be directed to report to Congress on its enforcement program. The report is to include an analysis of the CFTC's performance in preventing, deterring and disciplining violations of the CEA that involve fraud against individual investors through "bucket shops" and similar abuses. The report will be due a year after enactment, and may follow one or more commission round tables on the subject.

Exemptive authority.—The bill will direct the CFTC to re-evaluate its Part 36 Rules (which allow exchanges to set up less-regulated professionals-only markets in certain limited circumstances) in light of the need to provide equitable competitive conditions among various participants in derivative product markets. Any revisions to the rules would remain within the CFTC's discretion. The bill will also state the sense of Congress that any revisions should ensure the financial integrity of markets and customer protection. The CFTC will be encouraged to convene a round table meeting or meetings to

receive public input on possible improvements in Part 36 Rules.

Swaps exemption.—The statute will be amended to enhance the legal certainty of contracts involving swaps and similar products. Products meeting the requirements of the CFTC's 1993 swaps exemption will be exempt from the Act's provisions to the same extent as at present. The provision will not diminish the CFTC's authority to grant additional exemptions. In addition, the bill will end the current prohibition on granting an exemption from CEA regulation to any transactions subject to the Shad-Johnson accord (which establishes CFTC and SEC jurisdiction on such products as stock index futures). Instead, the bill will allow the CFTC to exempt such products, but only with the concurrence of the Securities and Exchange Commission. Comments are invited on additional or alternative means of enhancing the legal certainty of contracts while assuring market integrity.

Definition of a hedge.—The statute will be amended to clarify that a hedge may be established to reduce risks other than price risks. The bill will make clear that the change does not affect the ability of exchanges and the CFTC to establish speculative limits, require reporting of large trader positions and otherwise discharge their responsibilities.

Delivery by Federally licensed warehouses.—The bill will repeal an outdated provision that allows any federally licensed warehouse to deliver grain against a futures contract, even if it is not a designated delivery point. The current statute could allow market manipulation in some circumstances.

Delivery points for foreign futures contracts.—The CFTC will be directed to commence negotiations with appropriate foreign agencies which regulate exchanges that have established delivery points in the U.S., with the goal of securing adequate assurance (through improvements in the foreign regulatory scheme or other means) that the presence of U.S. delivery points for foreign exchange contracts does not create the potential for market manipulation or other disruptions of U.S. markets. The CFTC will also be granted additional powers, if necessary, to obtain needed information on such delivery points. Comments are invited on the appropriate scope of additional authorities, if any, required by the CFTC to ensure that U.S. markets are not subject to manipulation.

Delegation of authority.—The bill will state the sense of Congress that the CFTC should review its authorities with a view to delegating additional duties to the National Futures Association or other self-regulatory bodies, requiring a report one year after enactment on the results of the review. Report language will state that among the duties the CFTC may consider delegating are the review of disclosure documents and reparations procedures. The statute will further state the sense of Congress that in making any additional delegations, the CFTC should establish a procedure of spot checks, random audits or other means of ensuring adequate performance, and may also make the delegation on a pilot basis.

Treasury amendment.—The bill's provisions to modify the Treasury amendment (an exemption from CEA regulation for the interbank currency markets and some other markets) will be drafted following review of suggestions received by the Administration.

Technical changes.—The bill may also include technical changes to the Act such as those suggested by the National Futures Association in its June 5 testimony.

U.S. SENATE, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,

Washington, DC, August 1, 1996.

Hon. JOHN TULL, Acting Chairman, Commodity Futures Trading Commission, Washington, DC.

DEAR MR. CHAIRMAN: We were heartened to learn that the Commodity Futures Trading Commission and the Treasury Department have been discussing the so-called "Treasury amendment" to the Commodity Exchange Act, with a view toward arriving at a common interpretation of the provision. At a hearing our committee held June 5, the Treasury amendment was cited by several witnesses as a provision of the Act that needed review and clarification.

We intend to introduce legislation that will make a number of changes to the Act, and believe it is appropriate to address the Treasury amendment in that bill. It would be highly desirable to have the benefit of the Treasury and the CFTC's joint advice in this regard.

In order for our colleagues to have adequate opportunity to review the bill this fall, we intend to introduce it in the first week Congress returns from its August recess, that is the week ending September 6, 1996. We would appreciate hearing from relevant federal agencies their views on the Treasury amendment before the Labor Day holiday, if possible. However, we are confident you share our strong hope that agencies will resolve any differences by that time and arrive at a common understanding, so that the statute's provisions and scope can be made clear.

Thank you for your assistance in this matter. A similar letter has been sent to Secretary Rubin.

Sincerely yours,

PATRICK J. LEAHY,
Ranking Democratic
Member.

RICHARD G. LUGAR,
Chairman.●

CONNECTICUT SUPREME COURT JUSTICE T. CLARK HULL

● Mr. DODD. Mr. President, I rise today to pay tribute to one of Connecticut's most colorful and witty politicians, Connecticut State Supreme Court Justice T. Clark Hull. Known for his penetrating intelligence and passion for justice—and perhaps better known for his warmth and good spirit—T. Clark Hull, had the rare distinction of serving at the top levels of all three branches of state government—executive, legislative and judicial.

Born in Danbury, CT in 1921, T. Clark Hull attended many prestigious academic institutions including Philips Exeter Academy, Yale University and Harvard Law School, and yet he always retained the perspective of a common man.

His political career spanned some 33 years, beginning with his election to the Connecticut State Senate in 1962. He was known as a liberal Republican who charmed many conservatives, and his Irish humor and zest for public service eventually earned him the

nomination for Lieutenant Governor in 1970. He went on to win the election as the running mate of THOMAS J. Meskill and served until his appointment to the Connecticut Superior Court. After serving for 10 years, he was nominated by Governor William A. O'Neill to the Appellate Court and served for 4 years before becoming a justice on the highest court in Connecticut on September 25, 1987.

Justice Hull's political career earned him the reputation for being a gifted writer and captivating speaker and a colleague once said his decisions would "forever enrich the literature of the law." Justice Hull had great aspirations for the people of Connecticut and was one of the few politicians who managed to be well-liked on both sides of the aisle. Throughout his illustrious career, he maintained an optimistic activism that continually propelled the interests of Connecticut and its people forward. Justice Hull was a dedicated public servant who "had an enthusiasm for public office that was contagious."

Justice Hull was a champion of the people and was one of the few to truly believe that government and politics should be "positive, energizing celebrations of life." Although he was small in stature, T. Clark Hull's charming personality and exuberance for serving the public made him a giant in the eyes of others. Upon retiring from the State Supreme Court in 1991, when he reached the mandatory retirement age of 70, Justice Hull continued to serve the public as a State referee and as co-chairman of a commission to study government efficiency. The commission made many recommendations to streamline government, and under the chairmanship of Justice Hull, Connecticut underwent the biggest reorganization in state government in nearly two decades.

T. Clark Hull has doubtless had a distinguished career. While he gained prominence as a life-long Connecticut politician, Justice Hull gained the respect of his colleagues and the general public for his good humor, exuberance for life, and his love of public service. The people of Connecticut are truly blessed to be able to call T. Clark Hull one of their own.

My thoughts and prayers go out to his wife Betty Jane, and his three sons Steven, Josh, and Treat.●

U.S.S. "LANDING CRAFT INFANTRY"(G) 450

● Mr. BROWN. Mr. President, I rise today to recognize the members of the U.S.S. *Landing Craft Infantry* (G) 450. This ship was commissioned August 26, 1943 and participated in three major campaigns in the South Pacific during World War II. The U.S.S. *Landing Craft Infantry* (G) 450 was originally designed to carry troops, run up the beach, disembark the assault troops, and then release itself from the beach. This troop carrier was later converted to a gunboat, indicated by the symbol (G) in its

name. As a gunboat, its primary mission was to approach the beach and engage the enemy with rockets and deck guns in support of its landing forces. Of the three major campaigns that the 450 was a part of, the ship was damaged only once. For their actions during the Marshall and Marianas campaign, the crew was awarded the Navy Unit Citation. The crew also received the Presidential Unit Citation for their outstanding performance at Iwo Jima. Five crewmembers received the Bronze Star, and its captain received the Navy Cross. Mr. President, these men are brave soldiers, and true Americans, who deserve to be remembered and honored for their actions in defense of this great country.●

THE 50TH ANNIVERSARY OF THE VERMONT AIR NATIONAL GUARD

● Mr. LEAHY. Mr. President, on July 1, 1946, 27 World War II veterans formed the nucleus of a new military unit, and the Vermont Air National Guard was born. Today, when the 158th Fighter Wing pilots strap into the technological marvel that is the F-16, the Revolutionary War soldier painted on the tail stands as a stark reminder to us all: There is a direct lineage between the militia tradition that our Nation was founded on and which is very much alive today here in Vermont.

The original Green Mountain Boys were mostly farmers who left their homes in the 1700's to defend against encroaching New Yorkers and then fought enthusiastically against the British in the Revolutionary War. The Vermonters wore homespun civilian clothes, often with only a sprig of evergreen in their caps to identify each other in the field.

But the Green Mountain Boys were citizen soldiers, and throughout most of our history the American people have relied on the militia to defend them. It has only been in the recent past that we have created a large peacetime standing army. Now with the former Soviet Union gone, we are seeing a renewed emphasis on National Guard and Reserve forces as the Nation's premier insurance against worldwide aggression.

When I go to Vermont in the coming weeks, I will be giving the Vermont Air National Guard a token of my appreciation for the tremendous service that they have shown over the last 50 years. The list of aircraft that have been flown by the Vermont Air Guard reads like a who's who of American air power—the P-47 Thunderbolt, the P-51 Mustang, the F-94 Starfighter, F-89 Scorpion, the F-102 Delta Dagger, the EB-57, the F-4 Phantom, and now the F-16 Falcon. Those who have served in Vermont have different memories depending on the aircraft and people of the time, but the sense of duty has remained constant over the years.

Having said that, Randy Green, one of America's most renowned aviation

artists, has painted a very special picture that perfectly captures the spirit of the Vermont Air Guard. Entitled, "Vermont Thunder" it is a depiction of a Vermont F-16 flying into a stormy sunset. To me it represents the great contrasts of flying military aircraft; the beauty of flight is tempered by the responsibility and danger of military service. It is my sincere hope that this painting will serve as a small reminder to future Air Guard members of our State's proud past.

As the ultimate reminder of that past, it is fitting that we remember here on the floor of the U.S. Senate the memories of those who paid the ultimate sacrifice for their service. The following is a list of Vermont Air National Guardsmen who have died in the line of duty since 1946:

Lieutenant Thomas A. Mundy, Major Carroll A. Phylblo, Lieutenant John Williamson, Lieutenant Francis W. Escott, Colonel Robert P. Goyette, Lieutenant Jeffrey B. Pollock, Major John J. Ulrich, Captain John A. Harrell, Captain Bertrand R. White, Jr., Captain Charles W. Diggle III, Captain Robert W. Noble, Lieutenant Stephen L.C. Taylor.●

WELFARE REFORM

● Mr. BROWN. Mr. President, I rise today to speak on behalf of the welfare reform bill that passed this body yesterday.

Much has been said on the House and Senate floor and in the media about the impact of this bill on children and the working poor. Those who have spoken out against the bill have called it, draconian, and legislative child abuse. Well, I disagree.

For the past 61 years we have allowed a program originally designed to help families through a difficult time to become a welfare program that discourages able-bodied citizens from working. The current welfare system takes away the dignity and self respect that comes from earning an honest living and has replaced it with generation after generation of families dependant on public assistance.

In the past 61 years instead of teaching our children about work ethics, responsibility, hard work and determination, we have taught them how easy it can be to live off public assistance. Now, ladies and gentlemen, that is abuse.

Everyday men and women get up in the morning, dress their children and get them ready for the day. After the morning routine, these same men and women get into their cars and negotiate traffic on their way to work. Everyday these people work long hours to provide for their families, pay the bills and if they are lucky put a little money away in a college or retirement fund. All this bill asks is that those who are able to work try to perform a service for their benefits.

The working men and women of America have been doing their part for